

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: COLUMBIA NATURAL RESOURCES, INC.)	DIVISION OF GAS AND OIL
)	
)	
RELIEF SOUGHT: EXCEPTION TO STATEWIDE SPACING LIMITATIONS PRESCRIBED BY VIRGINIA CODE § 45.1-361.17(A)(2))	DOCKET NO. 00-1017-0834
)	
LEGAL DESCRIPTION:)	
)	
WELL NUMBER CNR 21671)	
BIG SANDY FUEL CORP. 4,114.05 ACRE TRACT)	
PRATER QUADRANGLE)	
PRATER MAGISTERIAL DISTRICT)	
BUCHANAN COUNTY, VIRGINIA)	

REPORT OF THE BOARD

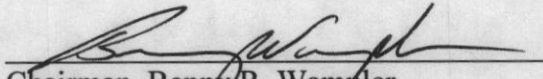
FINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on October 17, 2000, at the Conference Center, Breaks Interstate Park, Breaks, Virginia.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant, and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Notice and Jurisdiction: The Board finds that it has jurisdiction over the subject matter. The Board also finds that the Applicant has exercised due diligence to locate and provide notice to all persons listed in Exhibit B.
4. Relief Requested: Applicant requests an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for Well Number CNR 21671 for Applicant's development and operation of Conventional Gas (herein "Gas" or "Conventional Gas") from all the Mississippian and Devonian Age formations including, but not limited to the Base Lee Sands, Ravencliff, Maxon, Big Lime, Borden (Weir), Sunbury Shale (Coffee), Berea and Devonian Shale, Cleveland, Upper

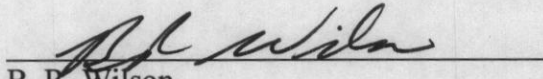
Huron, Lower Huron and Olentangy from surface to total depth drilled of 5,655 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to drill Well Number CNR 21671 2,376.32 feet from existing CNR Well Number 20009 at the location depicted on Exhibit A hereto.

5. Amendment: None
6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:
 - (1) The proposed Well CNR 21671 is located on the Big Sandy Fuel Corp. 4,114.05 acre tract, and the coal and surface owners have consented to the well location depicted on the Plat attached hereto ("Plat").
 - (2) The Applicant represents it has the right to operate and develop the reciprocal Well 20009 has all adjacent Gas interests under lease, and that the granting of the application will not impact the correlative rights of any person.
 - (3) An expert witness testified that the location exception was necessary due to constraints imposed by the surface owner, and that the granting of the location exception was in the best interest of preventing the waste of 500 mmcf of Conventional Gas reserves, protecting correlative rights and maximizing recovery of Conventional Gas underlying the drilling unit depicted on the Plat.
 - (4) Before drilling Well #21671, Applicant had prepared a survey which indicated that said well was 2,508.48 feet from existing CNR Well #20009; however, after CNR Well #21671 was drilled, it was discovered that the original survey was in error in that CNR Well #21671 was actually 2,376 feet from existing CNR Well #20009.
7. Relief Granted: The requested relief in this cause be and hereby is granted authorizing the Applicant's location of Well Number CNR 21671 2,376.32 feet from existing CNR Well 20009, at the location depicted on the Plat.
8. Findings: That the well location exception is needed in order to prevent the waste of 500 mmcf of Conventional Gas reserves, to protect correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.
9. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 16th day of November, 2000, by a majority of the Virginia Gas and Oil Board.

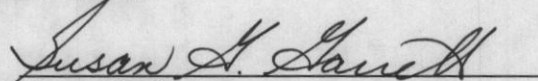

Chairman, Benny R. Wampler

DONE AND PERFORMED this 22nd day of November, 2000, by order of this Board.


B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

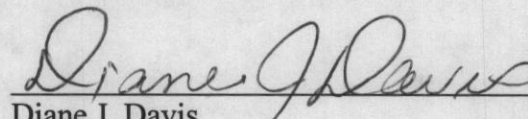
Acknowledged on this 16th day of November, 2000, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn, did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

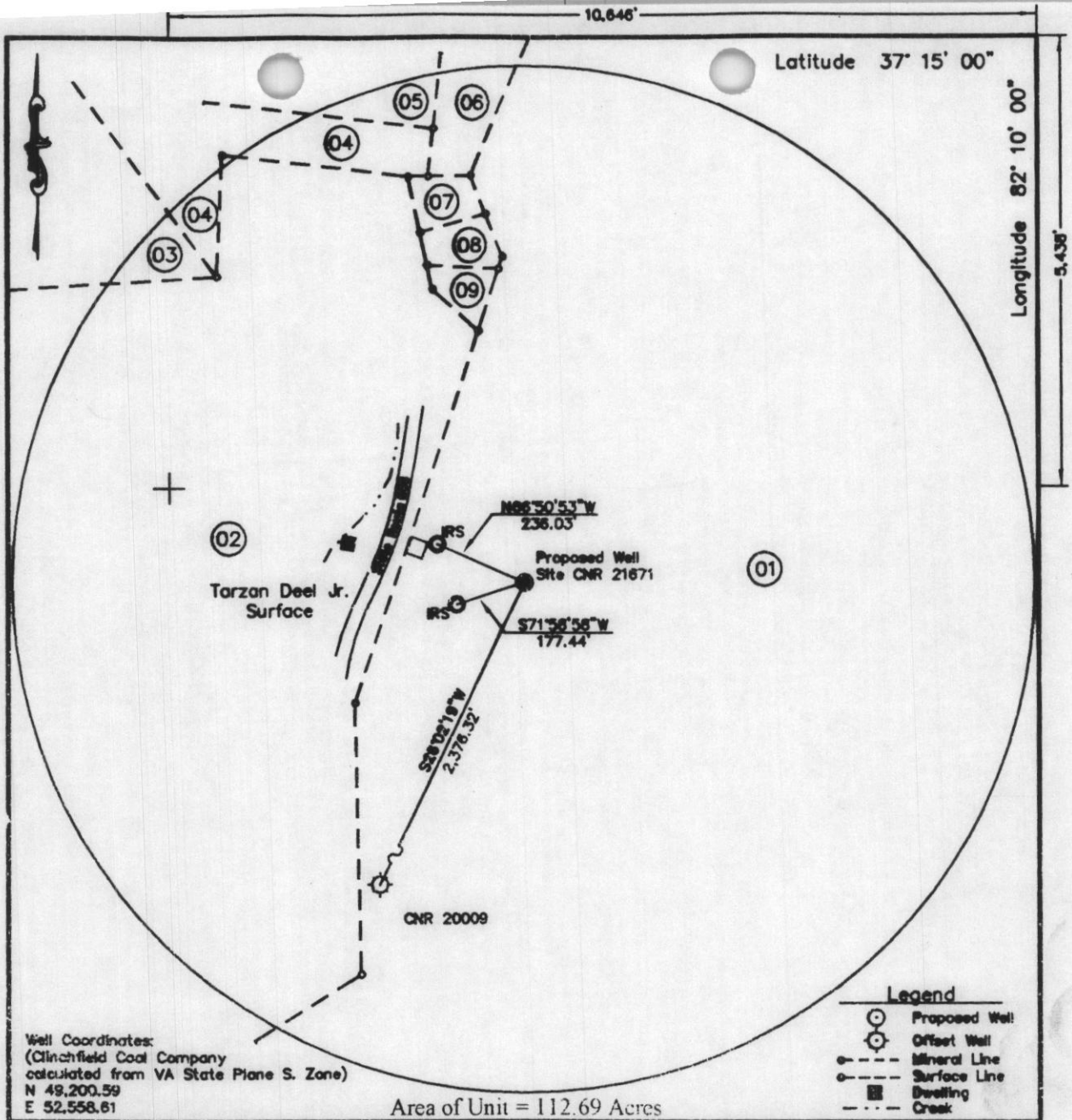
My commission expires: July 31, 2002

STATE OF VIRGINIA 22nd)
COUNTY OF WASHINGTON) 01

Acknowledged on this 22nd day of November, 2000, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn, did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane J. Davis
Notary Public

My commission expires: September 30, 2001



WELL LOCATION PLAT

COMPANY: Columbia Natural Resources, Inc. WELL NAME OR NUMBER: 21671
TRACT NUMBER: Big Sandy Fuel Corp. Tr. QUADRANGLE: Prater
DISTRICT: Prater
WELL COORDINATES (VIRGINIA STATE PLANE): N - 349,450.85 E - 922,179.16
ELEVATION: 1,610.53' METHOD USED TO DETERMINE ELEVATION: G.P.S. Observation from Cindy Monument
COUNTY: Buchanan SCALE: 1" = 400' DATE: 09-08-00
THIS PLAT IS A NEW PLAT : AN UPDATED PLAT : OR A FINAL LOCATION PLAT X

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Denotes the location of a well on United States Topographic Maps, scale 1 to 24,000; latitude and longitude lines being represented by border lines as shown (optional)

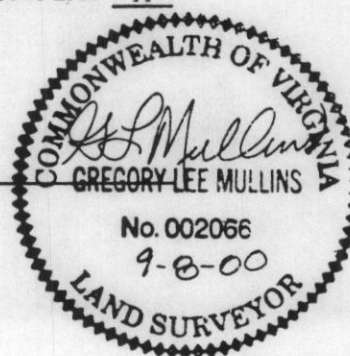


EXHIBIT B

Well 21671

Pine Mountain Oil & Gas
P O Box 4000
Lebanon, VA 24266

Tarzan Deel and
Bessie Jerrine Deel
Route 2 Box 362
Haysi, VA 24256

James H. Deel and
Shirley Deel
19233 Sandy Lane
Stewartstown, PA 17363

Connie Deel
P O Box 368
Vansant, VA 24656

Katie Blankenship and
Alvin Blankenship
Route 2 Box 275
Haysi, VA 24256

Carter Deel
P O Box 631
Haysi, VA 24256